# Judicial Branch Strategies for Fee and Debt Collections

Legislative Fiscal Committee
September 14, 2011

## **Debt Collection Tools**

- Centralized Collections Unit (CCU) under Iowa Code 602.8107(3)
- County Attorney Collections CACPP (County Attorney Collections Payment Plan under Iowa Code 602.8107(4).
- Driver's License Suspensions under Iowa Code 321.210A. CCU and County Attorneys enter into payment plans to reinstate the debtor's drivers license. (Iowa Code 602.8107(3) & 321.210B). These payment plans may include debt from multiple counties on one payment plan.
- Court Debt Collections Project (CDCP) Third party collections agency under lowa Code 602.8107 (3) & (5), Linebarger, Goggan, Blair & Sampson, LLP (the agency the Judicial Branch has contracted with for their party collections)
- Income Tax Offset and Vendor Offsets under Iowa Code 8A.6504.
- Clerk Offsets under Iowa Code 602.8103(6).
- Treasurer's Interface Vehicle Registration Blocks under 321.40 (4) & (6) and 602.8107 (7).

- All criminal cases (including traffic violations) are sent a Notice of Non-Compliance indicating that the fines, court fees, etc are due by a specified time and if not paid by that time period, their debt will be considered delinquent and the collection process will begin.
- For moving vehicle violations, 60 days after Judicial Branch sends a Notice of Non-compliance, a suspension notice is sent to DOT to suspend the debtor's drivers license for failure to pay.
- All closed cases with amounts due to the STATEIOWA are reported to Treasurer's Interface and Income Tax Offset once they become 30 days delinquent.

#### **CCU**

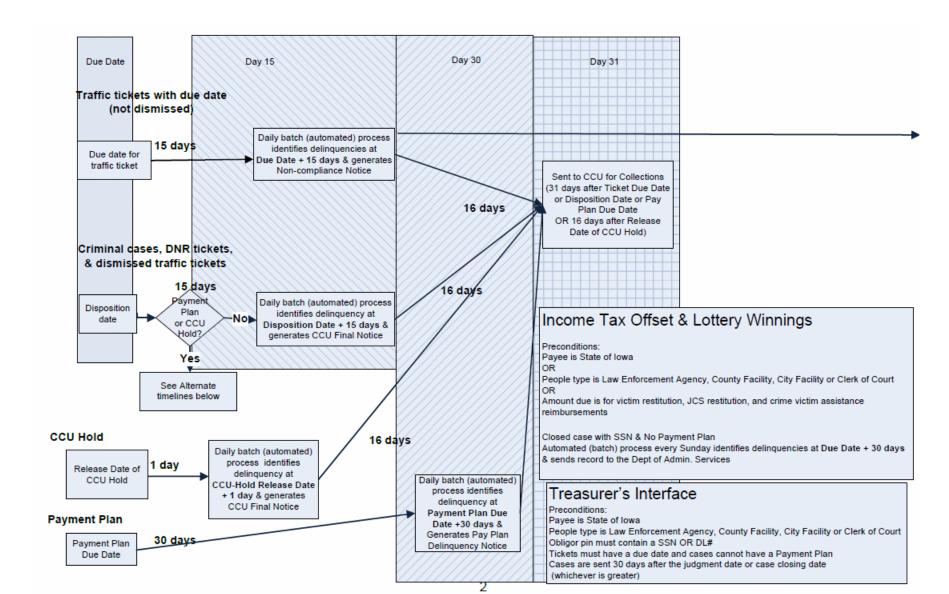
- Every (criminal or traffic) case goes to CCU once it becomes 30 days delinquent
- If CCU has NOT entered into a payment plan or established a wage garnishment or bank levy with the debtor, the case will automatically be returned from CCU after 60 days for counties that have active County Attorney Collections
- If CCU has NOT entered into a payment plan or established a wage garnishment or bank levy with the debtor, a case will automatically be returned from CCU after 1 year in counties that do not have active County Attorney Collections and will be turned over to a Third Party Collecting Agency for collections (CDCP).
- CCU also enters into payment plans for debtors when his/her drivers license has been suspended or when the vehicle license plate renewal has been blocked for renewal for failure to pay court debt.

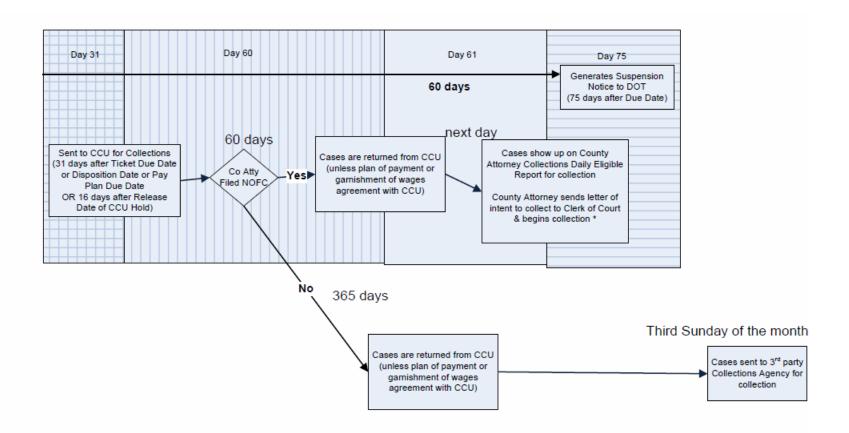
#### **County Attorney Collections**

 Applies only to those counties where the county attorney has filed an Annual Notice of Full Commitment (Annual NOFC) with the appropriate Clerk of Court.

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- If CCU has NOT entered into a payment plan or established a wage garnishment or bank levy with the debtor, after 60 days with CCU, the County Attorney may collect on the debt.
  - Judicial Branch provides County Attorneys with a daily report that shows what delinquent cases are eligible for collection.
  - For each case for which the County Attorney is collecting, an individual notice of commitment must be filed with the clerks office.
     This notifies the clerk what cases need to be entered into the ICIS so that the allocation of monies outlined in 602.8107 (4) (b) are calculated.
- County Attorneys also enter into payment plans for debtors when his/her drivers license has been suspended or when the vehicle license plate renewal has been blocked for renewal for failure to pay court debt.





## **Treasurer's Collections**

- SF2383 (effective 07/01/10) allows the Treasurer's Offices to collect court debt as a courtesy to the general public that are unable to renew their vehicle registration
- On 07/05 /11, 84 county treasurer's offices began collecting (the treasurer's participation is voluntary)
- The Treasurer's collect 100% of amount of all of the cases preventing the registration renewals plus a \$5 processing fee
- The money collected by the Treasurer's Offices comes in to ICIS the following morning.

# **Court Debt Collections Project (CDCP)**

- SF2383 (effective 07/01/10) changed the language requiring ICIS to send delinquent court debt to a third party collecting agency after it has been at CCU for one year
- Cases at CCU for more than 12 months in counties where the county attorney is not participating in collections will be returned from CCU and sent to Linebarger, Goggan, Blair & Sampson, LLP (firm the Judicial Branch has contracted with for third party collections). A 25% fee is added the all the debt being sent to Linebarger.
- Pilot for the DCCP began in Jasper County on July 19, 2011.
- The remainder of the counties (53 in total) will be added incrementally through the end of September.

# Outstanding Debt on Deceased Obligors

- As of 06/30/2011, the outstanding court debt due to the State of Iowa is \$558,194.212 at least 0.6% (\$3,110,501) is outstanding debt assigned to deceased obligors
- Per Iowa Code section 602.8107(6), the Judicial Branch cannot write off the debt until it reaches the age of 65 years.
- Judicial Branch is exploring the possibility of clerks filing a claim when an estate is opened to attempt to collect monies due by deceased obligors.

#### **Challenges to Collection of Court Debt**

- Overlapping of garnishment or wage levies with CCU and County Attorneys initiating collections on the same cases.
- Clerks must docket, to ICIS, pay plans from CCU or County Attorney to ensure that the overlapping does not occur. Low staffing levels in the clerk's offices makes this difficult.
- Treasurer's Interface Debtor may not be able to pay off the entire debt to release the hold on a vehicle registration and a pay plan option may not be available to the debtor in the county where the county attorney is not collecting.
- Beginning Oct 1 probation cases will be sent to CCU after 30 days when the case becomes delinquent if there is no DOC pay plan.
- Statutory requirements involving more entities in the collections process
  has created the need for new processes to be developed that exempt
  community service cases and bankruptcy cases from collections.

#### **Challenges to Collection of Court Debt**

- Professional License Sanctions by CCU these cases cannot be sent to CDCP for collection after one year because Linebarger has no authority to reinstate the professional license.
- The Judicial Branch has attempted to automate as much of this complex system as possible. However, clerks are required to docket certain data that is critical to the automation process. Due to low staffing levels in the Judicial Branch, timeliness, inconsistency, and human errors continue to be a challenge.
- The County Attorney offices that are collecting court debt utilize different methods and systems. This make it impossible for the Judicial Branch to automate the County Attorney collections processes, therefore each county clerk's office is required to manually process many of the functions related to County Attorney collections.
- Many county attorneys do not actively collect <u>all</u> court debt assigned to them. Creating a situation where the debt is aging and there are not collection efforts taking place.

#### **Challenges to Collection of Court Debt**

- ICIS was developed with as a centralized database system with each county being separate. This creates a challenge when pay plans include cases from multiple counties, as clerks can only view their county information on ICIS.
- Information that is needed for debt collection may not be available to the clerks when the debt is docketed into ICIS or it may have changed since it was originally docketed.
- Differing administrative fees added to the court debt 10% is added to CCU, then after one year when debt is sent to CDCP an additional 15% (total 25%) needs to be added by ICIS to all the cases.